

U. S. Department of Commerce

Electronic Commerce (EC) for Purchasing and Payment

If we establish an environment in which electronic commerce can grow and flourish, then every computer can be a window open to every business, large and small, everywhere in the world.

President Clinton
July 1, 1997

I. Background/Introduction

The Department of Commerce promotes job creation, economic growth, sustainable development, and improved living standards for all Americans, by working in partnership with businesses, universities, communities and workers:

- To build for the future and promote U. S. Competitiveness in the global marketplace, by strengthening and safeguarding the Nation's economic infrastructure;
- To keep America competitive with cutting-edge science and technology and a world-class information base; and
- To provide effective management and stewardship of our Nation's resources and assets to ensure sustainable economic opportunity.

In support of this mission, Secretary Daley has declared that transforming the Department of Commerce (DOC) into the "Digital Department" of the future is one of his top priorities. The over-arching goal of the "Digital Department" effort is to create a market leading technology infrastructure at DOC that enables the Department and each of its bureaus to effectively obtain, process, produce and provide information in the medium most convenient to its customers, meeting their needs and exceeding their expectations. There are two facets to this vision:

- Transforming the Department of Commerce itself into a "Digital Department" -- that is, into a model organization that, although diverse in its programs, delivers services and meets its customers' needs effectively and efficiently using electronic resources and modern technology.
- Establishing the Department of Commerce as the preeminent leader in technology - - namely, as a Department that promotes technology innovation, fosters the creation of technology jobs and exports and supports increased technical

competence in the workforce.

The Department plays a pivotal role in the advancement of the Presidents's *Framework for Global Electronic Commerce*. For example, a number of bureaus -- including the National Institute of Standards and Technology, the National Technical Information Service, the National Telecommunications and Information Agency, the International Trade Administration and the Patent and Trademark Office -- are aggressively spearheading strategic issues critical to the success of the Administration's Electronic Commerce (EC) vision such as standards, security, privacy, public key infrastructures, intellectual property rights, and domain names.

The Department was an early promoter of doing business electronically in all of its processes, including purchasing and payments. A number of notable successful applications of EC to online Internet business exist. For example, ESA's STAT-USA operates a system that enables online payment for its products and services via secure Internet credit card transactions; NIST accepts credit card payment for select documents and for conference registration fees over the Internet; and PTO operates an Internet-based purchasing application.

The Department is also a participant in a variety of Government-wide EC initiatives and pilot activities that support the advancement of electronic buying, selling and paying. For example, related to the Department's stewardship of the Commerce Business Daily, the Department is an active participant in the Government-wide Electronic Posting System.

This report provides a summary of the Department's accomplishments and plans for advancing EC in purchasing and payment. Information on EC initiatives is presented below for FY 1998 and then for FY 1999 - 2000; however, most EC activities undertaken in FY 1998 continue to be pursued and/or expanded in the FY 1999 - 2000 time frame.

II. Accomplishments/Plans

Department of Commerce EC activities in support of electronic purchasing and payment are described for the seven government-wide building blocks and other applicable EC-related activities. The discussion includes management structures, schedules and measures where appropriate.

Building Block #1:

Expanding and enhancing electronic catalog purchasing by increasing interoperability as feasible, linking to payment utilities, and migrating to commercial catalog solutions.

FY 1998 Accomplishments

Use Existing GSA-Sponsored Electronic Catalogs

Current DoC activities include the use of electronic catalogs to acquire commercial items. The National Oceanic and Atmospheric Administration (NOAA) and the Census Bureau have initiated efforts to encourage purchasing professionals to expand the use of catalogs beyond GSA

Advantage, Federal Supply Schedules, and other GSA sources.

Establish New Electronic Commerce Capabilities

The NOAA Acquisition Management Division has established acquisition vehicles for Information Technology (IT) resources which provide Commerce bureaus electronic access to vendor products and services. These agreements foster Government and commercial EC partnerships by providing a direct, electronic means of doing business. Under the agreements with NOAA vendors have developed custom NOAA web sites which facilitate the on-line ordering of products and services.

Implement Paperless Order Generation System (POGS)

Three of the largest Bureaus within the Department of Commerce (NIST, NOAA, and Census) have implemented the Paperless Order Generation System (POGS) in order to place paperless orders against the NASA Scientific and Engineering Workstation Procurement II (SEWP II) contract. SEWP II actually consists of 21 contracts offering a variety of UNIX and NT hardware, software and support services.

FY 1999 & 2000 Activities/Plans

Just-in-Time Electronic Catalog Ordering

In 1999, the National Institute of Standards and Technology (NIST) will implement a prime vendor/just-in-time arrangement for electronic catalog ordering of laboratory chemicals and supplies. This agreement will support one-stop shopping allowing any authorized NIST ordering office to view product catalogs, and place orders. All invoices will be received and all payments will be made electronically.

In FY 2000, NIST will implement a system which supports electronic ordering of NIST Standard Reference Material as well as calibration and testing services.

Procurement Automation System

Beginning in FY 1999, the Department's Office of Acquisition Management will implement a new automated procurement system in the Office of the Secretary and NIST. When implemented, this system will electronically generate all types of procurement documentation, support electronic posting of these documents and allow customers to initiate procurements electronically from their desktop PCS. This system will include an interface with DoC's finance and payment systems.

Electronic Access to BPAs, Federal Supply Schedules, and Electronic Catalogs

NOAA has established acquisition vehicles which provide buyers electronic access to catalogs and GSA schedules for ordering products and services. These agreements foster Government and

commercial EC partnerships by providing buyers and customers a direct electronic means of doing business. Under this program, vendors have developed custom NOAA Web sites which facilitate the ordering of products and services.

In FY 2000, The Patent and Trademark Office (PTO) will include in their automated procurement system (Procurement Desktop) the functionality to enable users to access electronic catalogs, and place orders directly with vendors.

Building Block #2:

Increasing and improving use of electronic payment utilities through purchase card implementation for account management, invoice and remittance processing and intra-governmental transfers.

FY 1998 Accomplishments

Electronic Funds Transfer

Throughout the Department, increased emphasis was placed on making salary and vendor payments by electronic funds transfers (via ACH) as required by provisions of the *Debt Collection Improvement Act (DCIA) of 1996*. The Department surpassed the *High Impact Agency Goals* as established by the Department of Treasury for FY 1998.

Smart Pay/Credit Cards

In FY 1998, functional requirements for SmartPay purchase, fleet and travel cards were updated, and a competitive bid was awarded to *Citibank* under a GSA master contract. Future required electronic commerce capabilities were significantly expanded to include convenience checks, ATM cash advances, travelers checks, integrated cards, stored value cards, and other value-added offerings. New contract requirements also included provision for account review by Internet access, account settlement by electronic funds transfer and eventual support of *IGOTS*, the Intragovernmental Transfer System.

NIST sells Standard Reference Databases (SRDs) and Standard Reference Materials (SRMs) over the Internet using credit cards. NIST also accepts conference registration fees over the Internet.

Integrated Accounting and Administrative Systems

At Census, a full-scale pilot implementation of the *CAMS* (Commerce Administrative Management System) was completed, including the Small Purchases, Bankcard and Time Reporting and Labor Cost Distribution modules.

At NTIS, the BAPS system (electronic processing of accounts payable) became fully operational. Reimbursement of employee travel expenses by EFT was initiated in FY 1998 at NOAA, with full implementation expected in FY 1999.

Purchase Cards

Commerce bureaus continued to expand the use of purchase cards for GSA and commercial small purchase transactions (under \$25,000), accounting for over 272,000 payments department-wide during the year.

FY 1999 & 2000 Activities/Plans

Smart Pay/Credit Cards

In November 1998, the Department began using SmartPay purchase, fleet and travel cards issued by Citibank. Small purchases (under \$25,000) are accomplished with purchase cards by all bureaus whenever possible. During FY 1999, Citibank's Internet inquiry system is scheduled to become operational, which will allow more convenient and more cost-efficient account maintenance. At PTO, a desktop system for tracking and management of credit card purchases is scheduled for implementation in FY 2000.

Payment Advise Internet Delivery (PAID)

In FY 1999, the Department of Commerce entered a memorandum of understanding with Treasury to become a participant in Treasury's Payment Advise Internet Delivery (PAID) system. The PAID system provides payment remittance information through the Internet to participating vendors.

Intergovernmental Transfer System (IGOTS)

In January 1999, an IGOTS department-wide implementation team was selected, with representatives from each agency. While IGOTS is scheduled for implementation in May 1999, it appears that system support by banking system consolidators will be problematic.

Electronic Payments

In FY 1999, EDA adopted and implemented Treasury's system for electronic disbursement authorization on grant payments.

In December 1998, NOAA replaced a manual process for billing for unused airline ticket refunds with an electronic reimbursement system.

Internet Vendor Information/Payments

At PTO, an Internet accessible system for vendor invoice status inquiries has been initiated. When fully developed, vendors will be able to determine invoice payment status “on-line” without manual assistance. In FY 2000, PTO will conduct a pilot program for electronic submission of invoices from selected vendors.

At Census, Internet sales of goods and services can be paid for with credit cards. Also, in FY 2000, NIST will begin accepting credit card payments for goods and services sold to the public.

Building Block #3:

Migrating to standard commercial services for electronic identification and authentication of buyers and sellers as well as for management of information about buyers and sellers as appropriate.

FY 1998 Accomplishments

Secure On-line Ordering

In FY 1998, the Economic and Statistics Administration’s (ESA’s) STAT-USA sought a commercial vendor to provide secure on-line ordering.

FY 1999 & 2000 Activities/Plans

Secure On-line Ordering

Beginning in December 1998, ESA is offering individual documents for sale to the public through its new service, STAT-USA/Newstand. STAT-USA, along with its private sector partner Qpass, Inc. now offers online customers access to key information 24 hours a day, seven days a week. A customer no longer needs to wait for STAT-USA offices to open to subscribe to STAT-USA/Internet to obtain this information. Qpass provides secure credit card transaction processing and aggregates customer charges incurred at STAT-USA and other Qpass information partners to generate one monthly bill for customers, thereby minimizing the Internet micropayment problem. STAT-USA considers level of sales an effectiveness measure of this process.

Building Block #4:

Making contract formation and administration easier and more effective for buyers and sellers, through use, among other things of electronic market research tools and participation in pilot efforts to enable sellers to gain electronic access to Governmental business opportunities through a single, Government-wide point of entry.

FY 1998 Accomplishments

Electronic Access to Procurement Opportunities, Documentation and On-Line Registration

NOAA posts all competitive requirements to an acquisition home page. This page provides

access to summaries of current acquisition opportunities, solicitations and amendments, and links to other acquisition-related information. This system is also utilized for on-line registration of vendors requesting procurement documentation.

Many Commerce organizations provide contract solicitations on the Internet (also see *Procurement-Related Web Sites* below) . For example, NIST has a Web site that houses all of their contract solicitations that are open for quote/bid. These documents used to be copied and sent to companies who requested them via the mail. With this Web site, NIST has benefited from a cost avoidance by lowering the number of copies being made and by reducing the quantity of surface mail being sent out.

Electronic Posting System Pilot

PTO and NIST are both participants in the pilot of the Electronic Posting System (EPS). This system is a GSA-developed prototype for a single Government-wide point of entry for all federal acquisitions. The EPS provides both bureaus the ability to post acquisition documentation to the EPS web site as well as placing notices in the Commerce Business Daily (CBD).

Procurement-Related Web Sites

Currently, all major DoC procurement offices maintain procurement-related web sites. These sites include copies of CBD notices, solicitations and other procurement-related documentation, vendor registration forms, and organizational procurement policy.

Building Block #5:

Using contract writing systems, where appropriate, to automate buying related business functions.

FY 1998 Accomplishments

Automated Procurement System

In FY 1998 the Office of Acquisition Management sponsored a Procurement Automation Team which has selected a CACI Sacons solution for automating the procurement process at Commerce. When implemented, this system will support electronic purchase requests, electronic solicitations, electronic CBD synopsis generation and post procurement-related documents to the Internet.

Currently, PTO employs a fully automated procurement system called Procurement Desktop (by AMS, inc.). This system supports the automated generation of solicitations and contracts, provides on-line access to the Federal Acquisition Regulation (FAR) and generates standard forms. This system also has a real-time interface to the PTO automated financial system.

Currently NIST, the Census Bureau, and the Office of Acquisition Management utilize an automated Document Generator System (DGS) which electronically generates solicitations and contracts. This system provides minimal automated capabilities and will be replaced in FY 1999 by the CACI Sacons automated system.

In FY 1998, the Census Bureau deployed the procurement module of the Commerce Core Financial System (called CAMS - Commerce Administrative Management System). This system has capabilities which are limited to the award of simplified acquisitions. This system will be replaced in FY 2000 by the CACI Sacons automated procurement system.

FY 1999 & 2000 Activities/Plans

Automated Procurement System

In FY 1999, the CACI Sacons system will be deployed in the Office of the Secretary, and NIST. In support of this effort, the Office of Acquisition Management has established a Departmental implementation team supported by Booze Allen Hamilton and additional teams will be formed at each bureau undergoing implementation. In FY 2000 the automated procurement system will be deployed at NOAA and Census.

Building Block #6:

Using standard interfaces between agency systems and commercial systems including for accounting and reporting, and increasing access to EC performance information.

FY 1998 Accomplishments

Internet Access

In FY 1998, full Internet capability existed or was established for all Department personnel. Also, linked Department and agency Web sites were expanded or enhanced to encourage additional EC activities. With these new capabilities, both program personnel and procurement professionals have access to electronic catalogs, commercial product information (including specifications and prices) and vendor performance information, prior to selecting a vendor or product. The result has been faster acquisitions, significant cost savings, increased competition, and improved product knowledge.

Federal Agencies Centralized Trial Balance System (FACTS II)

PTO became the first Federal agency to implement FACTS II (the Federal Agencies Centralized Trial Balance System - Budgetary Reporting) for use by OMB and Treasury. The system permits electronic submission of accounting trial balance information and related year-end financial

reports, thereby eliminating traditional “hard copy” reporting.

Electronic Invoicing

NTIS began using invoice interfacing with a large shipping vendor supporting the agencies order fulfillment department. In FY 1999, plans are in place to extend this process to several other similar vendors. NIST also is nearing completion of a similar pilot program with Bell Atlantic, and has plans to extend the program.

FY 1999 & 2000 Activities/Plans

Electronic Grants Processing

In EDA, the development of a standard set of data elements for electronic processing of grants management transactions will be undertaken in FY 1999 and FY 2000.

Commerce Small Purchase System (CSPS)

In NOAA, FY 1999 plans include implementation of the Commerce Small Purchase System (CSPS) to facilitate future EC interfaces.

Federal Agencies Centralized Trial Balance System Balance System (FACTS II)

In FY 1999, all Commerce agencies will be utilizing FACTS II reporting capabilities.

Building Block #7:

Fostering Government and commercial EC partnerships.

FY 1998 Accomplishments

Concept of Operations (CONOPS)

In FY 1996, the Commerce acquisition community initiated a business process re-engineering effort intended to streamline the acquisition process at Commerce. The result was a procurement methodology called the Concept of Operations, or “CONOPS”. CONOPS encouraged acquisition professionals to partner with the vendor community from the very beginning of the procurement process. Under the CONOPS process, vendors are notified about requirements early in the process, they participate in defining requirements, and statements of work developed are broad statements which encourage creative commercial solutions. Under the CONOPS process all documents are posted on the Internet, open, ongoing communication is encouraged and vendors are kept informed by e-mail and web-based communications. Currently CONOPS is being used throughout the Commerce acquisition community and has resulted in faster

procurements, better relations with vendors, more open acquisitions, and improved products/services.

In FY 1998, purchasing requirements were advertised and released over the Internet at a number of bureaus throughout the Department (see *Procurement-Related Web Sites* above).

CBDNet

In FY 1997, the Department of Commerce (DoC) teamed with the Government Printing Office (GPO) to place the Commerce Business Daily(CBD) on the Internet. The resulting system was called “CBDNet”. CBDNet is an Internet-based electronic version of the paper CBD. The implementation of CBDNet allowed procurement professionals throughout the government to post notices of acquisition opportunities electronically in real-time (eliminating a 5-7 day waiting period). CBDNet also allowed the public to search the CBD and print results using any Internet browser. In addition to Internet-based posting and searching, CBDNet gives contract personnel the ability to “hot-link” web-based procurement documents to the CBD notice and provides an active e-mail link. Currently 1.4 million users download information from CBDNet each month.

FY 1999 & 2000 Activities/Plans

Fee Collection Modernization

In FY 1999, in partnership with customers and commercial clients, PTO will deployed an automated system for the collection of trademark, patent maintenance, and information dissemination fees. The system, called the Revenue and Accounting Management System (RAMS), will make the collection and payment of these fees easier for both PTO and their clients.

Electronic Grants

In FY 1999 and FY 2000, EDA plans to utilize electronic commerce for grants application, funds disbursement and grants management.

On-line Vendor Invoicing

In FY 1999 and FY 2000, the Department will expand opportunities for larger vendors to submit invoices by Internet.

Additional EC Efforts:

Internet Purchasing Application

The Patent and Trademark Office has implemented a system called the Internet Purchasing Application (IPA). This system supports the posting of RFQs on the Internet, automatic e-mail

notification of vendors, the electronic receipt of quotes from pre-qualified vendors, and the posting of award notices. Under this system, all vendors may participate, but only vendors with successful past performance qualify as “business partners.” IPA supports the efficient conduct of business over the Internet, allows PTO to do business only with proven, quality supply sources, and increases savings by increasing competition.

FAX Requests for Quotation (RFQ)

This year NOAA’s Western Administrative Support Center (WASC) implemented a FAX system where Requests for Quotations (RFQs) are faxed directly to vendors from the procurement specialist’s PC. This system saves mailing costs, reduces procurement lead time, and gives the vendors more time to prepare quotations.

Participation in Interagency Groups:

The Department or one of its bureaus participated in the following interagency groups:

- The *Desktop Multi-Agency User’s Group* which shares ideas on common areas of interest to Procurement Desktop users’
- The *Electronic Posting System Pilot Team* which is composed of those agencies piloting the GSA-developed Electronic Posting System. This group will serve as the core users group for the Government-wide EPS implementation.
- *Department of the Interior Federal Financial System Users Group* which works together on new initiatives including electronic commerce as it relates to financial transactions.
- *Travel Manager Interagency User’s Group* which cooperates to enhance EC in travel processing functions.
- *Association of Government Accountants* - which discusses EC trends and standards